

# DAIRY INDUSTRY NEWS ---

## NATIONAL DAIRY SITUATION & OUTLOOK – USDA ESTIMATES

### **Milk Production and Cow Numbers**

Monthly: Compared to 2001, USDA estimates that overall milk production across the U.S. was up 1.7% in December, led by Arizona's 18.6% growth in milk production (on 10,000 more cows and 185 more pounds per cow). California's estimated production was up 4.2% (on 58,000 more cows and 10 more pounds per cow). Among other western states, New Mexico was up 7.8%, Idaho up 2.9%, and Washington up 2.4%. Three of the top 10 states reported decreases: Minnesota -3.7%, Pennsylvania -2.0%, and Wisconsin -0.4%.

Quarterly: For the fourth quarter of 2002 compared to the fourth quarter of 2001, U.S. milk cow numbers were up 0.5% at 9.155 million, production per cow was up 1.6%; the net effect was a 2.2% increase in milk production to 41.7 billion pounds. USDA projects that for the first quarter of 2003 compared to the fourth quarter of 2002, U.S. milk cow numbers will decrease 45,000 cows to 9.110 million cows, production per cow will be up 3.5%; the net effect would be a 3.1% increase in milk production to 43.0 billion pounds.

### **Milk Prices**

Comparing the fourth quarter of 2002 to the third quarter of 2002, U.S. average milk prices were up \$0.50/cwt. to \$11.93/cwt. USDA projects that for the first quarter of 2003, U.S. average milk prices will be down \$0.25-0.50/cwt. compared to the fourth quarter; including a \$0.10-0.40/cwt. Class 4b price decrease and a \$0.25-0.50/cwt. Class 4a price decrease.

### **Utility Cow Prices**

Comparing the fourth quarter of 2002 to the third quarter of 2002, average U.S. utility cow prices were down \$2.00/cwt. to a national average of \$36/cwt. USDA projects that utility cow prices will rise to \$39-41 levels in the first quarter of 2003.

Information from the USDA-NASS publication "*Milk Production*" and the USDA-ERS publication: "*Livestock, Dairy, and Poultry Outlook*."

## Tulare Farm Show

The annual Tulare Farm Show is scheduled to run February 11-14, 2003, at the World Ag Expo, just off Highway 99 in Tulare. The Farm Show has been an integral part of the farming industry for many years, offering a wide variety of exhibits, information, equipment, and computer technologies to those interested in learning more about the latest advances in the industry.

## Class 1 Review Announcement

The Department completed its analysis of 2002 Class 1 farm prices in California, as required by Food and Agricultural Code Section 62062.1. While the average California price was below average prices in Central Arizona, it was above average prices in Southern Nevada and Western Oregon. The Department determined that prices in California are in reasonable relationship to those in contiguous states, therefore, a public hearing to consider amendments to Class 1 pricing formulas is not necessary.

## Department Holds Hearing in January



## DATA SUMMARIES

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### **COMMERCIAL PRODUCTION OF ALL MILK**

Production of all milk on farms and ranches in California during December 2002 totaled 2.9 billion pounds, 4.4 percent more than the quantity produced during December 2001. For the twelve months ending December 2002, total milk production increased 5.0 percent relative to the same period in 2001.

### **MANUFACTURED PRODUCTS**

For the month of December 2002, as compared to December 2001, the total manufacture of butter increased 0.1 percent; manufacture of nonfat dried milk for human consumption increased 4.0 percent; manufacture of total cheese increased 4.0 percent; and manufacture of total frozen products increased 9.8 percent.

### **SALES OF CLASS 1 MARKET MILK**

Sales of Class 1 market milk products in California during December 2002 were up 3.6 percent relative to sales during December 2001.